MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2020/2021

DFA5024 – FINANCIAL ACCOUNTING 2

(All sections / Groups)

22 OCTOBER 2020
9.00 am – 12.00 pm
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of **6** pages with **4** Questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Lamb Grillers Enterprise supplies frozen lamb grill to restaurants in Melaka. Lamb Grillers will pack the lamb into 1 kilogram (1 kg) per pack. At the end of June, Lamb Grillers have 400 kilograms (400 kg) of lamb grill amounting RM12,000.

Below were transactions occurred during the month of July.

Jul 3	Purchased lamb on account from Perusahaan Asri RM19,500, FOB shipping point, term 2/10, n/60.
5	Paid freight on purchase dated Jul 3, RM80.
7	Received credit note from Perusahaan Asri for merchandise returned, RM600.
9	Sold 125 packs of lamb on account to Floyd Restaurant for RM50 per pack terms n/30.
11	Purchased 110 kilograms of lamb from The Kambings Enterprise for RM3,300, term 1/10, n/30.
	Paid Perusahaan Asri in full, less discount.
15	Received credit note from The Kambings for lamb returned, RM150.
17	Made sales on account to Village Grill Restaurant RM8,325, n/30. The cost of the merchandise sold was RM5,550.
21	Paid The Kambings in full, less discount.
25	Granted an allowance to Village Grill for damage in packaging RM100.
27	Received full payment from Village Grill.

Required

Journalise the July transactions of Lamb Grillers Enterprise using the perpetual inventory system. (14 marks)

Part B

Below are the account balances of Qaisara Enterprise for the year ended 30 June 2020.

	RM		**RM**
Accounts Payable	56,800	Interest Expense	4,870
Accounts Receivable	308,447	Interest Revenue	2,640
Accumulated Depreciation –		Merchandise Inventory	53,700
Equipment	64,350	Sales Returns and Allowances	3,550
Cash	71,125	Office Salaries Expense	17,260
Sofie, Capital	97,932	Prepaid Insurance	1,200
Cost of Goods Sold	352,625	Sales Revenue	620,500
Depreciation Expense –		Sales Commissions Expense	13,125
Equipment	5,300	Sales Commissions Payable	4,980

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Other information includes:

- Utilities expense RM9,000
- Insurance Expense RM8,230
- Loss due to vandalism RM1,010
- Rent Revenue RM3,820
- Maintenance Expense RM1,350
- Cleaning Service Expense RM230

Required

Prepare a multi-step Statement of Profit or Loss for the year ended 30 June 2020 for Qaisara Enterprise. (11 marks)

(Total: 25 marks)

QUESTION 2

Kossan Sdn Bhd supplies electronic equipment to various retailers in Cyberjaya. The company does not keep complete accounting records, but they are able to provide the following information.

Bank

Balance as at 1 Jan 2019	21,900	Payments to creditors	144,840
Receipts from debtors	255,780	Utilities expense	9,180
Cash sales	25,500	Salaries expense	3,060
		Rent	15,000
		Advertising	6,900
		Fixtures	18,600
		Insurance	5,100
		Motor vehicle expenses	14,046
		Drawings	72,600
		Balance as at 31 Dec 2019	13,854
	303,180		303,180

	1 January 2019 **(RM)**	31 December 2019 **(RM)**
Inventory	12,600	28,350
Accounts receivable	18,600	24,072
Accounts payable	11,160	15,000
Motor vehicle	60,000	-
Fixtures	39,000	-
Motor vehicle expense owing	2,520	2,166
Insurance prepaid	-	1,380

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The following additional information is available:

- Motor vehicle is to be depreciated at 20% and fixtures at 10%, calculated on the book value as at 1 January 2019 plus any addition of asset during the year.
- Included in the amount paid for fixtures were: dining table bought for RM3,600 which the owner resold during the year at the same price; and a coffee table that cost RM2,100, which the owner used for his new house.

Required

(a) Prepare the Statement of Affairs as at 31 December 2018. (4.5 marks)

(b) Prepare the Purchases and Sales Ledger Control accounts at 31 December 2019. (2 marks)

(c) Prepare the ledger for any prepayments or accruals. (2 marks)

(d) Prepare the Statement of Profit or Loss for the Year Ended 31 December 2019. (7.5 marks)

(e) Prepare the Statement of Financial Position as at 31 December 2019. (9 marks)

(Total: 25 marks)

QUESTION 3

Part A

Receivables are the amounts due from individuals and companies that are expected to be collected in cash. In most business entities, receivable is typically executed by generating an invoice and either mailing or electronically delivering it to the customer; who, in turn, must pay it within an established time frame.

Required

(a) Briefly explain **TWO (2)** possible methods on how company would record in their book should they unable to collect the receivables from the customers. (2 marks)

(b) Companies at times may opt to sell their receivables to bank or any finance company which typically known as "factor". Give **TWO (2)** reasons why companies might sell their receivables. (2 marks)

Part B

Twiggies Enterprise had the following information as at 1 January 2020:

- Accounts Receivable RM278,000
- Notes Receivable RM50,000
- Allowance for Doubtful Accounts RM26,400

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The Notes Receivable is from Mentoz Enterprise. It is a 4-month, 12% note dated 31 December 2019. Twiggies Enterprise prepares financial statements annually. During the year, the following transactions occurred.

Jan 5	Sold RM40,000 of merchandise to Sugus Company, terms n/15.
20	Accepted Sugus Company's RM 40,000, 3-month, 9% note for balance due.
Feb 18	Sold RM16,000 of merchandise to Toblerone Enterprise and accepted Toblerone's RM16,000, 6-month, 9% note for the amount due.
Apr 20	Collected Sugus Company's note in full.
30	Received payment in full from Mentoz Enterprise on the amount due.
May 25	Accepted Crunchie Company's RM 8,000, 3-month, 7% note in settlement of a past-due balance on account.
Aug 18	Received payment in full from Toblerone Enterprise on note due.
25	Crunchie Company's note was dishonoured. Crunchie Company is not bankrupt; future payment is anticipated.
Sept 1	Sold RM24,000 of merchandise to Whittakers Company and accepted a RM24,000, 6-month, 10% note for the amount due.

Required

Journalise the above transactions. (11 marks)

Part C

Due to covid-19 pandemic that resulted in business downturn, Aemulus Manufacturing Sdn Bhd was forced to sell two of their delivery trucks during the year. The detailed information on the delivery trucks are as below:

Ford Commercial Truck F350

Cost **(RM)**	Date Purchase	Useful Life	Salvage Value **(RM)**	Depreciation Method	Date Sold	Sales Price **(RM)**
512,000	1/7/16	5 years	32,000	Straight Line	1/7/2020	108,000

Mitsubishi Truck ME180

Cost **(RM)**	Date Purchase	Useful Life	Salvage Value **(RM)**	Depreciation Method	Date Sold	Sales Price **(RM)**
360,000	1/7/18	5 years	20,000	Double Declining	31/12/19	208,000

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Required

Calculate the depreciation expense and accumulated depreciation on each of the delivery truck to the date of disposal by using a table format. Show all workings.

(10 marks)

(Total: 25 marks)

QUESTION 4

Part A

The following information is available for Alam Sdn Bhd for the year ended 31 December 2019:

	RM
Collection of principal on long-term loan to a supplier	105,000
Acquisition of equipment for cash	30,000
Purchase of land by issuing bonds payable	1,020,000
Proceeds from the sale of long-term investment at book value	81,000
Issuance of ordinary shares for cash	60,000
Depreciation expense	75,000
Redemption of bonds payable at carrying (book) value	72,000
Payment of cash dividends	27,000
Net profit	90,000

In addition, the following information is extracted from the comparative Statement of Profit or Loss for Alam Sdn Bhd at the end of 2018 and 2019:

	2019 (RM)	**2018 (RM)**
Cash	306,000	42,000
Accounts receivable (net)	60,000	45,000
Prepaid insurance	51,000	39,000
Total current assets	RM417,000	RM126,000
Accounts payable	75,000	57,000
Salaries payable	12,000	21,000
Total current liabilities	RM87,000	RM78,000

Required

Prepare a Statement of Cash Flows for the year ended 31 December 2019, using the indirect method. (10 marks)

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Part B

The Statement of Profit or Loss for Optimax Sdn Bhd for the year ended 31 December 2019 reported the following condensed information:

Sales revenue	RM1,560,000
Operating expenses	(900,000)
Income from operations	660,000
Income tax expense	(105,000)
Net income	555,000

Optimax Sdn Bhd's Statement of Financial Position contained the following comparative data at 31 December:

	2019 (RM)	**2018 (RM)**
Accounts receivable	204,000	117,000
Accounts payable	165,000	186,000
Income taxes payable	24,000	19,800

Optimax Sdn Bhd has no depreciable assets. Accounts payable pertains to operating expenses.

Required

Prepare the operating activities section of the Statement of Cash Flows using the direct method. (5 marks)

Part C

(a) Explain what depreciation is as well as how and when it can be applied. (4 marks)
(b) Provide **FOUR (4)** usefulness of Statement of Cash Flows to companies. (4 marks)
(c) Give any **TWO (2)** examples of costs that may be incurred in acquiring an equipment. (2 marks)

(Total: 25 marks)

End of Paper